

## Message Text

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TO HONORABLE RAFAEL HERNANDEZ-COLON GOVERNOR OF PUERTO RICO

SAN JUAN PUERTO RICO

INFO COMMONWEALTH OF PUERTO RICO WASHINGTON OFFICE

IWT K STREET NW WASHINGTON D.C.

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E.O. 11652: N/A

TAGS: ETRN, RQ

HONORABLE RAFAEL HERNANDEZ-COLON

GOVERNOR OF PUERTO RICO

SAN JUAN, PUERTO RICO

DEAR GOVERNOR HERNANDEZ-COLON:

ON APRIL 8, I ADDRESSED TO THE HONORABLE FRANCISCO DE JESUS SCHUCK, SECRETARY OF JUSTICE, CERTAIN COMMENTS ON LEGISLATION IMPOSING AN ADDITIONAL LEVY ON AVIATION FUEL THEN UNDER CONSIDERATION IN THE PUERTO RICAN LEGISLATURE.

I UNDERSTAND THAT THIS LEGISLATION IS NOW AWAITING YOUR APPROVAL. IN OUR LETTER WE DESCRIBED CERTAIN ACTIONS BY THE INTERNATIONAL CIVIL AVIATION ORGANIZATION AND BY THE UNITED STATES SUPPORTING THE GRANTING OF RECIPROCAL EXEMPTIONS FROM AVIATION FUEL TAXES TO CIVIL AIRCRAFT ENGAGED IN FOREIGN TRADE. IN A REPLY DATED APRIL 23, THE SECRETARY OF JUSTICE POINTED OUT THAT THE PROPOSED TAX WOULD BE IMPOSED ON DISTRIBUTORS OR MANUFACTURERS OF AVIATION FUEL AND CON-

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SEQUENTLY "IN NO WAY AFFECTS THE FEDERAL GOVERNMENT POLICY

OF LIBERAL TREATMENT OF INTERNATIONAL AIR CARRIERS."

I APPRECIATE THIS RESPONSE AND IT MAY BE THAT FROM A TECHNICAL VIEWPOINT IT IS A SOUND CONCLUSION. HOWEVER, OUR CONCERN WITH THIS LEGISLATION GOES BEYOND THE TECHNICAL. WE ARE AWARE OF A GROWING WAVE OF IMPOSITIONS BOTH IN THE FORM OF USER CHARGES AND TAXES WHOSE INCIDENCE FALLS ALMOST EXCLUSIVELY ON INTERNATIONAL AVIATION AND THE INTENT OF WHICH IS CLEARLY TO DO SO. THE CUMULATIVE EFFECT OF THESE ADDITIONAL CHARGES, ESPECIALLY AT A TIME WHEN INTERNATIONAL CARRIERS ARE TRYING TO ABSORB FUEL INCREASES OF 200 TO 300 PERCENT OR MORE, COULD PRODUCE SEVERE CUTBACKS IN CARRIER SERVICES.

OF COURSE, MAJOR TOURIST PRODUCING AREAS LIKE PUERTO RICO HAVE AN IMPORTANT STAKE IN THE CONTINUATION AND GROWTH OF AVIATION SERVICES. IT IS THIS POLICY ISSUE WHICH I SHOULD LIKE TO BRING TO YOUR ATTENTION FOR CONSIDERATION IN DECIDING WHETHER OR NOT TO APPROVE THIS LEGISLATION. PUT SIMPLY, THE QUESTION IS WHETHER PUERTO RICO SHOULD AT THIS TIME TAKE ACTION WHICH NOT ONLY WOULD BEAR DIRECTLY AND SEVERELY ON THE AIR CARRIERS SERVING PUERTO RICO BUT WOULD HAVE THE EFFECT OF ENCOURAGING OTHER JURISDICTIONS TO LEVY SIMILAR IMPOSTS. THESE OTHER LEVIES WOULD AFFECT THE SAME CARRIERS AND HENCE THE SERVICES UPON WHICH PUERTO RICO DEPENDS. SINCERELY YOURS,

RAYMOND J. WALDMANN, DEPUTY ASSISTANT SECRETARY, BUREAU OF  
ECONOMIC AND BUSINESS AFFAIRS, DEPARTMENT OF STATE. RUSH

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